



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 1, 2014

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Avenue
Reno, Nevada 89502

Subject: Deficient Amended Notice of Intention to Commence Large Mining Operations and Reclamation Surety, Desert Hawk Gold Corporation, Kiewit Mine, M/045/0078, Tooele County, Utah

Dear Mr. Havenstrite:

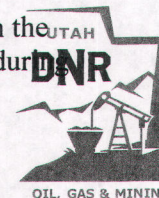
The Division of Oil, Gas and Mining has reviewed the referenced amended Notice of Intention to Commence Large Mining Operations (Notice) which was received April 4, 2014. The attached comments will need to be addressed before tentative approval may be granted.

The Division reiterates the conditions included in the approval letter dated February 21, 2014:

1. Mining at the Clifton Shears will not exceed 20 feet in depth until the operator has completed additional rock characterization.
2. No mining may be done at the Yellow Hammer mine until the operator has completed rock characterization.
3. Mining at the Kiewit will include rock characterization as committed to in the Notice.
4. Backfilling and grading reclamation bond monies will not be released until the heap leach draw down has been completed.

The Division and Desert Hawk Gold have agreed that inconsistencies exist in the Notice and that any inconsistencies that impact regulatory authority decisions will be decided by the Division. The following additions and corrections are needed:

- a) Submit the Tooele County Conditional use permit.
- b) Submit a new signed page 24 of the Ground Water Discharge permit.
- c) Figure 15 is repeated throughout the appendices, but there are inconsistencies with the approved Figure 15 submitted on February 3, 2014. Please replace the outdated Figure 15 with the updated Figure 15 dated February 3, 2014, in each applicable appendix.
- d) Page 15 of the Notice notes a two-acre pond, but Figure 5 notes a 0.5-acre settlement pond; please modify the chart and the text in the Notice to match the settlement pond design.
- e) Add the post mining topography on Figure 6A (as shown on Figure 7A).
- f) Please submit the additional rock characterization for the pit expansion areas from the exploration drilling. Specifically, any additional rock types that are encountered during



Page 2 of 2
Rick Havenstrite
M/045/0078
May 1, 2014

drilling will need to be tested using the Sobek acid base analysis method and elemental analysis.

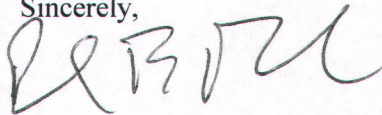
- g) Amend the tables on pages 5 and 6 of Appendix V to include the recently-provided data from Tables 1 and 2. Include the approximation of the neutralizing potential ratio (NPR) as provided in the lab sheets for each sample, and categorize each sample based on their NNP and approximate NPR values.
- h) The Division will incorporate the provided ALS lab results into Appendix V as Exhibit 10. Refer to this information in Exhibit 10 at the top and bottom of page 5 where Exhibit 9 is discussed.
- i) Modify any other text of Appendix V as needed in order to update conclusions based on this additional information, and provide replacement pages.
- j) Update the Drill Hole Map (Exhibit 4) to identify the locations of the additional holes.

Please continue to work with the Bureau of Land Management for approval of the proposed Kiewit pit expansion. The Division will request concurrence from the BLM for the surety amount when the amendment is complete.

The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations.

Please keep the plan current by submitting changes using Form MR-REV which is available on the Division's web site at ogm.utah.gov. All future correspondence should reference M/045/0078. Thank you for your patience in finalizing this permitting action. Please contact Leslie Heppler at 801-538-5257 or me at 801-538-5261 if you have any questions regarding the issues in this letter.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: lah: eb

cc: Stephen Allen, Salt Lake BLM (SAllen@blm.gov)

Wendy Shubert, Tooele County (wshubert@co.tooele.ut.us)

P:\GROUPS\MINERALS\WP\M045-Tooele\M0450078-KiewitProject\final\REV1-6014-04292014.doc